

STATE OF CALIFORNIA  
Budget Change Proposal - Cover Sheet  
DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 0820	Department Justice	Priority No.
Budget Request Name 0820-008-BCP-BR-2016-GB		Program LEGAL SERVICES	Subprogram PUBLIC RIGHTS DIVISION

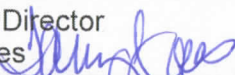
Budget Request Description  
Chapter 509/15 (SB 549) - Major League Sporting Event Raffles Program

Budget Request Summary

The Department of Justice requests a three-year limited-term General Fund increase of \$335,000 beginning in FY 2016-2017 and 2.0 positions to address the workload related to the initial implementation of, and the regulatory, reporting requirements, and statutory enforcement activities for the Major League Sporting Event Raffles Program pursuant to newly enacted California Penal Code section 320.6.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed N/A	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO N/A	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:		

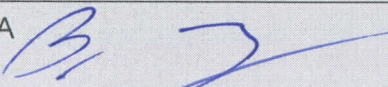
If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No  
*Attach comments of affected department, signed and dated by the department director or designee.*

Prepared By Susanne George	Date	Reviewed By	Date
Department Director Tammy Lopes 	Date 12/3/15	Agency Secretary	Date

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

BCP Type: ☐ Policy ☐ Workload Budget per Government Code 13308.05

PPBA 	Date submitted to the Legislature 1/2/16
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## BCP Fiscal Detail Sheet

BCP Title: Major League Sporting Event Raffles Program (SB 549)

DP Name: 0820-008-BCP-DP-2016-GB

### Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	2.0	2.0	2.0	2.0	2.0
<b>Total Positions</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
Salaries and Wages						
Earnings - Permanent	0	167	167	167	0	0
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$167</b>	<b>\$167</b>	<b>\$167</b>	<b>\$0</b>	<b>\$0</b>
Total Staff Benefits	0	83	83	83	0	0
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$250</b>	<b>\$250</b>	<b>\$250</b>	<b>\$0</b>	<b>\$0</b>
Operating Expenses and Equipment						
5301 - General Expense	0	42	42	42	0	0
5304 - Communications	0	4	4	4	0	0
5306 - Postage	0	1	1	1	0	0
5320 - Travel: In-State	0	4	4	4	0	0
5322 - Training	0	2	2	2	0	0
5324 - Facilities Operation	0	12	12	12	0	0
5340 - Consulting and Professional Services -	0	16	16	16	0	0
5346 - Information Technology	0	4	4	4	0	0
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$85</b>	<b>\$85</b>	<b>\$85</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$335</b>	<b>\$335</b>	<b>\$335</b>	<b>\$0</b>	<b>\$0</b>

### Fund Summary

Fund Source - State Operations						
0001 - General Fund	0	335	335	335	0	0
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$335</b>	<b>\$335</b>	<b>\$335</b>	<b>\$0</b>	<b>\$0</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$335</b>	<b>\$335</b>	<b>\$335</b>	<b>\$0</b>	<b>\$0</b>

### Program Summary

Program Funding						
0435028 - Public Rights	0	335	335	335	0	0
9900100 - Administration	0	113	113	113	0	0
9900200 - Administration - Distributed	0	-113	-113	-113	0	0
<b>Total All Programs</b>	<b>\$0</b>	<b>\$335</b>	<b>\$335</b>	<b>\$335</b>	<b>\$0</b>	<b>\$0</b>

**Personal Services Details**

Positions	Salary Information			<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
	Min	Mid	Max						
1282 - Legal Secty (Eff. 07-01-2016)				0.0	1.0	1.0	1.0	1.0	1.0
5705 - Dep Atty Gen IV (Eff. 07-01-2016)				0.0	1.0	1.0	1.0	1.0	1.0
<b>Total Positions</b>				<b>0.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4			
1282 - Legal Secty (Eff. 07-01-2016)	0	45	45	45	45	45			
5705 - Dep Atty Gen IV (Eff. 07-01-2016)	0	122	122	122	122	122			
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$167</b>	<b>\$167</b>	<b>\$167</b>	<b>\$0</b>	<b>\$0</b>			
Staff Benefits									
5150900 - Staff Benefits - Other	0	83	83	83	0	0			
<b>Total Staff Benefits</b>	<b>\$0</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$0</b>	<b>\$0</b>			
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$250</b>	<b>\$250</b>	<b>\$250</b>	<b>\$0</b>	<b>\$0</b>			

**A. Budget Request Summary**

Pursuant to the passage of Senate Bill 549 (SB 549), the Department of Justice (Department), Public Rights Division (PRD)/Indian & Gaming Law Section (IGLS) requests a three-year limited-term General Fund increase of \$335,000 beginning in FY 2016-2017 and 2.0 positions, consisting of 1.0 Deputy Attorney General (DAG) IV and 1.0 Legal Secretary to address the workload related to the initial implementation of and statutory enforcement activities for the Major League Sporting Event Raffles Program pursuant to newly enacted California Penal Code section 320.6.

**B. Background/History**

The California Constitution authorizes the Legislature to permit private, nonprofit, eligible organizations to conduct raffles as a funding mechanism to support beneficial and charitable works, if, among other conditions, at least 90% of the gross receipts from the raffle go directly to beneficial or charitable purposes in California. The California Constitution further authorizes the Legislature to amend the percentage of gross receipts required to be dedicated to beneficial or charitable purposes by a statute passed by a 2/3 vote of each house of the Legislature. Existing statutory law implements those provisions and requires the Department to administer and enforce those provisions. Raffles pursuant to this structure are currently administered by the Attorney General's Registry of Charitable Trusts.

Chapter 509, statutes of 2015 (SB 549, Hall) adds section 320.6 to the Penal Code, which authorizes major league sports raffles at a home game conducted by an eligible organization, as defined, where 50% of the gross receipts generated from the sale of raffle tickets are used to benefit or provide support for beneficial or charitable purposes, as defined, the other 50% is paid to the winner, and the winners of the prizes are determined by a manual draw, as specified. Eligible organizations are required to register annually with the Department, and annually file information for each of the eligible organization's last three fiscal years. Authority is vested in the Department to register eligible organizations that wish to conduct a raffle authorized under this statute. The Department is also authorized to assess eligible organizations an annual registration fee, as specified, to be deposited into the General Fund to cover the Department's reasonable costs to administer and enforce this statute. The Department must promulgate regulations necessary to effectuate this statute by June 1, 2016. The Department shall maintain an automated database of all registrants, including eligible organizations, suppliers of raffle-related products/services, and persons affiliated with an eligible organization who conduct the manual draw (a.k.a. ticket sellers). The Department shall be notified by local law enforcement of any arrests or investigations that may result in an administrative or criminal action against a registrant. The Department may audit records of a registrant to ensure compliance with this statute. The Department will receive from eligible organizations an annual report concerning raffle operations of gross receipts, costs, and the identification of charitable or beneficial purposes benefitting from raffles. The Department may take legal action against a registrant that has violated this statute or regulation or that has engaged in any conduct that is not in the best interests of public health, safety, or general welfare. The statute prohibits an eligible organization from conducting a raffle, and a manufacturer or distributor of raffle-related products or services from conducting business with an eligible organization for purposes of conducting a raffle pursuant to these provisions, without first having obtained and thereafter maintained a registration from the Department, as specified. Once registered, the statute requires an eligible organization to file annually thereafter with the Department a report that includes specified information for each of the eligible organization's last three fiscal years, and requires the Department to make those reports available online, as provided. The statute will sunset on December 31, 2018.

Overall, this newly enacted statute establishes duties for the Department that are presently not conducted by any entity within it. This proposal seeks to increase IGLS staffing levels to address the immediate and workload increases resulting from the newly enacted statute. The statutory mandates

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are ones that must be addressed, some of which require specific action within less than 240 days from the signing of the bill. Delays obtaining the requested positions and funding would pose significant credibility losses to the Department for failing to appropriately address statutory mandates. The statute defines “eligible organization” for the purposes of the Major League Sports Event raffles as “a private, nonprofit organization established by, or affiliated with, a team from the Major League Baseball, National Hockey League, National Basketball Association, National Football League, Women’s National Basketball Association, or Major League Soccer, or a private, nonprofit organization established by the Professional Golfers’ Association of America, Ladies Professional Golf Association, or National Association for Stock Car Auto Racing that has been qualified to conduct business in California for at least one year before conducting a raffle, is qualified for an exemption under Section 501(c)(3) of the Internal Revenue Code, and is exempt from taxation pursuant to Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, 23701t, or 23701w of the Revenue and Taxation Code.” As depicted in Table 1 below, under this definition, there are potentially 70-plus locations/venues and approximately over 2,100 home events that could offer 50/50 raffles. This chart reflects regular season home games and does not take into account instances where a team (or teams) enter into post-season or playoff competition.

Table 1

<b>Team Name</b>	<b>League</b>	<b>Season</b>	<b>Estimated Home Games</b>
Los Angeles Angels of Anaheim	Major League Baseball	April - October (7 months)	81
Los Angeles Dodgers	Major League Baseball	April - October (7 months)	81
Oakland Athletics	Major League Baseball	April - October (7 months)	81
San Diego Padres	Major League Baseball	April - October (7 months)	81
San Francisco Giants	Major League Baseball	April - October (7 months)	81
Oakland Raiders	National Football League	September - January (5 months)	8
San Diego Chargers	National Football League	September - January (5 months)	8
San Francisco 49ers	National Football League	September - January (5 months)	8
Golden State Warriors	National Basketball Association	October - May (8 months)	41
Los Angeles Clippers	National Basketball Association	October - May (8 months)	41
Los Angeles Lakers	National Basketball Association	October - May (8 months)	41
Sacramento Kings	National Basketball Association	October - May (8 months)	41
Anaheim Ducks	National Hockey League	October - April (7 months)	41
Los Angeles Kings	National Hockey League	October - April (7 months)	41
San Jose Sharks	National Hockey League	October - April (7 months)	41
Chivas USA	Major League Soccer	March - October (8 months)	17
Los Angeles Galaxy	Major League Soccer	March - October (8 months)	17
San Jose Earthquakes	Major League Soccer	March - October (8 months)	17
Los Angeles Sparks	WNBA	May - August (4 months)	70

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<b>Team Name</b>	<b>League</b>	<b>Season</b>	<b>Estimated Home Games</b>
Bakersfield Blaze	Minor League Baseball	April - October (7 months)	70
Fresno Grizzlies	Minor League Baseball	April - October (7 months)	70
High Desert Mavericks	Minor League Baseball	April - October (7 months)	70
Inland Empire 66ers	Minor League Baseball	April - October (7 months)	70
Lake Elsinore Storm	Minor League Baseball	April - October (7 months)	70
Lancaster JetHawks	Minor League Baseball	April - October (7 months)	70
Modesto Nuts	Minor League Baseball	April - October (7 months)	70
San Rafael Pacifics	Minor League Baseball	April - October (7 months)	36
Rancho Cucamonga Quakes	Minor League Baseball	April - October (7 months)	70
Sacramento River Cats	Minor League Baseball	April - October (7 months)	70
San Jose Giants	Minor League Baseball	April - October (7 months)	70
Stockton Ports	Minor League Baseball	April - October (7 months)	70
Visalia Rawhides	Minor League Baseball	April - October (7 months)	70
Bakersfield Jam	NBA Development League	November - April (6 months)	24
Los Angeles D-Fenders	NBA Development League	November - April (6 months)	24
Santa Cruz Warriors	NBA Development League	November - April (6 months)	24
Inland Empire Invaders	American Basketball Association	November - April (6 months)	3
Oceanside A-Team	American Basketball Association	November - April (6 months)	4
Orange County Novastars	American Basketball Association	November - April (6 months)	8
San Diego Surf	American Basketball Association	November - April (6 months)	7
Bay Area Matrix	American Basketball Association	November - April (6 months)	3
Central Valley Titans	American Basketball Association	November - April (6 months)	5
Fresno Flight/LA Slam	American Basketball Association	November - April (6 months)	1
San Francisco Rumble	American Basketball Association	November - April (6 months)	5
Bakersfield Condors	American Hockey League	October - April (7 months)	34
San Diego Gulls	American Hockey League	October - April (7 months)	34
Stockton Thunder/Heat	American Hockey League	October - April (7 months)	34
Ontario Reign	American Hockey League	October - April (7 months)	34
San Jose Barracudas	American Hockey League	October - April (7 months)	34

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<b>Team Name</b>	<b>League</b>	<b>Season</b>	<b>Estimated Home Games</b>
California Cougars	Professional Arena Soccer League	October - February (5 months)	10
Ontario Fury	Professional Arena Soccer League	October - February (5 months)	10
San Diego Sockers	Professional Arena Soccer League	October - February (5 months)	10
Sacramento Republic FC	USL PRO	March - October (8 months)	20
Orange County Blues FC	USL PRO	March - October (8 months)	20
L.A. Galaxy II	USL PRO	March - October (8 months)	20
Fresno Fuego	United Soccer Leagues Premier Development League	March - October (8 months)	7
Los Angeles Legends	United Soccer Leagues Premier Development League	March - October (8 months)	7
Orange County Blue Star	United Soccer Leagues Premier Development League	March - October (8 months)	7
Southern California Seahorses	United Soccer Leagues Premier Development League	March - October (8 months)	7
Ventura County Fusion	United Soccer Leagues Premier Development League	March - October (8 months)	7
Burlingame Dragons FC	United Soccer Leagues Premier Development League	March - October (8 months)	7
Los Angeles Misioneros (Golden State)	United Soccer Leagues Premier Development League	March - October (8 months)	7
Orange County Pateadores Blues	United Soccer Leagues Premier Development League	March - October (8 months)	7
Auto Club Speedway (Fontana)	NASCAR	February - November	2
Sonoma Speedway	NASCAR	February - November	2
LPGA (various locations)	LPGA	year around	5
PGA (various locations)	PGA	year around	8
Total number of estimated home games			2154

The BGC anticipates applications from a minimum of 60 eligible organizations to participate in this program and 2,100-plus raffles being offered at their home events statewide. The BGC anticipates anywhere from 700 to 26,000-plus ticket sellers and an additional 10-to-20 manufacturer or distributor of raffle-related products or services who will be required to register under this program, as well.

The requested DAG position in IGLS will be responsible for providing Bureau of Gambling Control (BGC) staff with legal advice for drafting regulations and regulatory modifications as necessary; investigations conducted related to violations of the statute; direct administrative and civil judicial enforcement activities pursuant to statute and regulations; and the review and legal assessment of operational reporting requirements for affiliated charities involved in the program. It is anticipated that this position will also provide input and/or assistance to local district attorneys' offices in the prosecution of entities engaged in illegal gambling activities, as discovered by BGC investigations or from those initiated by local law enforcement entities.

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The requested Legal Secretary position will provide clerical support to the IGLS Deputy Attorney General position requested above.

As discussed above, these functions are not associated with any other functions performed by any other of the IGLS special-funded positions and cannot therefore, be assigned within IGLS.

**Public Rights Division Indian & Gaming Law Section Resource History**  
*(Dollars in thousands)*

<b>Program Budget</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Authorized Expenditures	\$1,699	\$1,772	\$2,031	\$2,336	\$2,383
Actual Expenditures	\$1,700	\$1,556	\$1,865	\$2,089	\$2,233
Revenue (Indian Gaming SDF)	\$14,288	\$15,579	\$9,434	\$17,016	\$25,223*
Authorized Positions	7	6	7	9	9
Filled Positions	6	6	7	8	7
Vacancies	1	0	0	1	2

\* Based on the 2015/16 Governor's Budget revenue estimate for the Indian Gaming Distribution Fund

**C. State Level Considerations**

It is the policy of this state to have strict and comprehensive regulation of all persons, practices, associations and activities related to the operation of lawful cardrooms and the manufacture and distribution of permissible gambling equipment. The California Constitution authorizes the Legislature to permit private, nonprofit, eligible organizations to conduct raffles as a funding mechanism to support beneficial and charitable works, if, among other conditions, at least 90% of the gross receipts from the raffle go directly to beneficial or charitable purposes in California. The California Constitution further authorizes the Legislature to amend the percentage of gross receipts required to be dedicated to beneficial or charitable purposes by a statute passed by a 2/3 vote of each house of the Legislature. The newly enacted statute authorizes major league sports raffle at a home game conducted by an eligible organization, as defined, where 50% of the gross receipts generated from the sale of raffle tickets are used to benefit or provide support for beneficial or charitable purposes, as defined, the other 50% is paid to the winner, and the winners of the prizes are determined by a manual draw, as specified. In terms of the number of charitable raffles, the number of locations, and the revenue derived from such raffles, SB 549 will be an exponential expansion of the charitable raffles exception to the Penal Code lottery prohibitions.

**D. Justification**

The Major League Sporting Event Raffles program sets forth duties for IGLS to provide legal advice to the BGC for its drafting of regulations and regulatory modifications as necessary; legal advice regarding investigations conducted regarding violations of the statute, direct administrative and civil judicial enforcement activities pursuant to statute and regulations; and the review and legal assessment of operational reporting requirements for affiliated charities involved in the program. As a very large and new GF-funded program IGLS cannot absorb these duties with its current special fund-only staffing.



**E. Outcomes and Accountability**

Upon approval of this BCP, IGLS will take appropriate steps to recruit, hire, and train, a new DAG IV and to perform the extensive legal duties associated with the implementation, regulation, and enforcement of this major legislation.

**Projected Outcomes**

Workload Measure	CY <sup>1</sup>	BY	BY+1	BY+2
Raffles	500	2,154	2,154	2,154
Organizations	70	70	70	70

**F. Analysis of All Feasible Alternatives**

***Alternative 1. Approve Spending and Position Authority as Proposed.***

Approve the Department's request of \$335,000 from the General Fund and additional position authority of 2.0 beginning in FY 2016-17 through FY 2018-19 to address the workload related to the Major League Sporting Event Raffles Program.

***Alternative 2. Carry Out this Objective with Existing Funding and Staffing.***

This is not a viable alternative because there are currently no General Fund-funded positions within IGLS to address this new workload.

**G. Implementation Plan**

If this proposal is approved, the hiring plan will begin immediately upon availability of spending and position authority.

To ensure that the Department uses the requested resources appropriately, the IGLS will adhere to their own policies and procedures related to time tracking. The new personnel will be required to input their time into the time management system utilized by the IGLS. The manager and/or supervisor of the new personnel will also direct and manage the workload within the units to ensure resources are utilized efficiently and will provide verbal and written progress reports to management on a regular basis.

**H. Supplemental Information** *(Describe special resources and provide details to support costs including appropriate back up.)*

☒ None    ☐ Facility/Capital Costs    ☐ Equipment    ☐ Contracts    ☐ Other \_\_\_\_\_

**I. Recommendation**

Approve Alternative 1. Approve Spending and Position Authority as Proposed.

Approve the Department's request of a three year limited term increase of \$335,000 in General Fund spending authority and 2.0 positions beginning in FY 2016-17 to address the workload related to the Major League Sporting Event Raffles Program.

<sup>1</sup> These estimates are based on the estimated number of raffles that could be conducted in the later portion of FY 2015-2016